BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

TENNESSEE SECURITIES DIVISION **Petitioners,** **v.** **KIMBERLY B. PHILLIPS, DANIEL L. EARLEY, AND PHILLIPS CAPITAL GROUP LLC.,** **Respondent.**	))))))))))))	**APD No.: 12.06-243176J** **Matter No.: 21-01277**

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance ("Department"), and First Horizon Advisors, Inc. ("Respondent") hereby stipulate and agree to the entry and execution of this Consent Order, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") as follows:

I. GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to and requires the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the Commissioner's signature and execution of this Consent Order. Entry and execution of this Consent Order by the Commissioner shall occur once the Commissioner signs and dates this Consent Order.

2. This Consent Order is entered into by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Should this Consent Order not be accepted

by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions addressed herein.

4. The Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for violations of the law addressed specifically in this Consent Order, or for violations of the law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Statements of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order.

5. The Respondent expressly waives all further procedural steps and all rights to seek a hearing, judicial review, or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry and execution of this Consent Order by the Commissioner.

6. The Respondent fully understands that this Consent Order, when entered, will constitute a public document for purposes of any applicable statutes governing public access to government records.

II. AUTHORITY AND JURISDICTION

7. The Commissioner has jurisdiction over securities matters pursuant to Tennessee Code Annotated ("Tenn. Code Ann.") §§ 48-1-101 to 48-1-201 *et seq.* of the Tennessee Securities

Act of 1980, as amended ("Act"). The administration of the Act is vested in the Commissioner pursuant to Tenn. Code Ann. § 48-1-115.

III. PARTIES

8. The Tennessee Securities Division is the lawful agent through which the Commissioner administers the Securities Act pursuant to Tenn. Code Ann. § 48-1-115, and it is authorized to bring this action based on the finding that such action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, pursuant to Tenn. Code Ann. §§ 48-1-112 and 48-1-116.

9. The Respondent, domiciled in Memphis, Tennessee, holding CRD #17117, is registered as a broker and investment adviser firm. The Respondent has been registered with FINRA since July 1986. The Respondent's address of record on file with the Division is 165 Madison Avenue, Memphis, TN 38103.

IV. STATEMENTS OF FACT

10. On or around March 26, 2020, the Financial Services Investigation Unit ("FSIU") received a complaint regarding Michael Scott Walker, a resident of Tennessee, assigned Central Registration Depository number ("CRD #") 2905556 by the Financial Industry Regulatory Authority ("FINRA").

11. The complaint alleged that Michael Scott Walker, during the time he was registered with First Tennessee Bank Advisors, Inc ("Respondent") as an Agent and Investment Adviser, acted outside the scope of his employment by operating his own "investment club" to a select number of clients.

12. On or about April 13, 2022, the Respondent entered into a Letter of Acceptance, Waiver, and Consent ("Letter of Acceptance") with the Financial Industry Regulatory Authority

("FINRA").

13. Under the Letter of Acceptance, the Respondent agreed that First Horizon failed to reasonably supervise Michael Scott Walker and First Horizon failed to reasonably supervise electronic communications of Michael Scott Walker.

V. CONCLUSIONS OF LAW

14. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

15. Tenn. Code Ann. § 48-1-109 states, in pertinent part:

> . . .
>
> (e) The commissioner may, after notice and an opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars ($10,000) per violation, or in an amount not to exceed twenty thousand dollars ($20,000) per violation if an individual who is a designated adult is a victim.

16. Tenn. Code Ann. § 48-1-112 states, in pertinent part:

> (a) The commissioner may by order deny, suspend, or revoke any registration under this part if the commissioner finds that:
>
> . . .
>
> (2) The applicant or registrant or, in the case of a broker-dealer or investment adviser, any affiliate, partner, officer, director, or any person occupying a similar status or performing similar functions:
>
> . . .

(G) Has engaged in dishonest or unethical practices in the securities business[.]

17. Tenn. Comp. R. & Regs. 0780-04-03-.02 states, in pertinent part:

(a) The following shall be deemed "dishonest or unethical business practices" by a broker-dealer under T.C.A. § 48-1-112(a)(2)(G), without limiting that term to the practices specified herein:

. . .

15. Violating any rule of a national securities exchange or national securities dealers association of which it is a member with respect to any customer, transaction, or business in this state[.]

18. Tenn. Code. Ann. § 48-1-102 states, in pertinent part:

. . .

(3) "Agent" means any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from, in, or into this state. A partner, officer, director, or manager of a broker-dealer, or a person occupying similar status or performing similar functions, is an agent only if such person otherwise comes within this definition or receives compensation specifically related to purchases or sales of securities from, in, or into this state.

(4) "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person's own account and as part of a regular business rather than in connection with such person's investment activities.

19. Based on the Statements of Fact above, the Respondent used dishonest or unethical business practices when the Respondent violated a rule of a national securities dealers association for which it is a member with respect to a customer, transaction or business in this state. This violation authorizes the assessment of civil penalties.

20. The Commissioner finds the following relief appropriate, in the public interest, and

necessary for the protection of investors.

21. The Respondent hereby acknowledges the Commissioner's authority to administer the statutes cited herein, concede that the interpretation of the statutes cited herein are reasonable and enforceable, and agree to the Commissioner's entry and execution of this Consent Order, including each of the following sanctions ordered below.

VI. ORDER

NOW, THEREFORE, based on the foregoing, including the Respondent's waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondent's admission to the jurisdiction of the Commissioner, the Commissioner finds that the Respondent agrees to the entry and execution of this Consent Order to settle this matter as evidenced by the Respondent's signatures.

IT IS ORDERED, pursuant to Tenn. Code Ann. §§ 48-1-112, and 48-1-116 that:

22. The Respondent **CEASE AND DESIST** violating the Securities Act;

23. The Respondent shall pay **CIVIL PENALTIES** in the amount of ten thousand dollars ($10,000). The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance. Page one (1) of this order must accompany payment for reference. Payment shall be made within thirty (30) days of the date this Consent Order is executed by the Commissioner, and payment shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Legal Division
Attn: Alex Corder
Davy Crockett Tower
500 James Robertson Parkway
Nashville, TN 37243

24. This Consent Order represents the complete and final resolution of and discharge

of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondent for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from, and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.

25. This Consent Order is in the best interest of both the public and the parties, and it represents a compromise and settlement of the controversy between the parties. By signature affixed below, the Respondent states that he has (1) freely agreed to the entry and execution of this Consent Order; (2) effectively consulted with legal counsel in this matter; (3) reviewed the Statements of Fact and Conclusions of Law contained herein; and (4) waived his right to a hearing on the matters underlying this Consent Order and the enforcement of this Consent Order. The Respondent further states that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof with regard to this Consent Order.

26. By signing this Consent Order, the parties affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of the settlement as set forth herein, are binding upon them.

27. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED _______ ______, 2025.

____
Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:

_________________________________ _______________
Elizabeth Bowling, Assistant Commissioner Date
Tennessee Securities Division
Department of Commerce and Insurance

_________________________________ _______________
First Horizon Advisors, Inc. Date
Respondent
Print Name:__________________________
Title:________________________________

_________________________________ _______________
Print Name:_____________________ Date
Counsel for the Respondent
Address:_______________________
____
____

_________________________________ _______________
Alex G. Corder Date
Associate Counsel
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway, Davy Crockett Tower
Nashville, TN 37243
Alex.Corder@tn.gov